

**1991**

**CITY LIVABILITY AWARD**

**NEWARK, NEW JERSEY**

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**PRESS RELEASE**

**CITY LIVABILITY AWARDS**

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The City of Newark's landscape has been transformed by \$2.5 billion in new investments in residential and economic development. Newark's formula of accessibility, collaboration and partnership has been the vehicle for the city's urban renaissance.

Through a collection of public-private partnerships with neighborhood organizations and Chamber of Commerce downtown business groups, coupled with new plans, programs and strategies for development, Newark has forged one of the most successful revitalization efforts in the country.

## CITY LIVABILITY

In Newark, livability means the preferred quality of life, "the good life," demonstrated by safe and clean streets, aesthetically pleasing landscapes and streetscapes, parks and open space; accessible and convenient public transportation systems; well maintained municipal infrastructure--streets, roads, sidewalks, solid waste, sewer and sanitary systems; convenient neighborhood shopping and a viable central business district; opportunities for entertainment and recreation--restaurants, sports facilities, movie theaters; affordable, decent, safe and sanitary housing for sale and rent; viable cultural and educational systems--museums, libraries, symphonies, schools; comprehensive health care and social service delivery systems; job training and employment opportunities for professional and nonprofessional, skilled and unskilled labor; an open forum for the exchange of ideas and the formulation of policies and agendas among members of the community, the government and industry--the creation of public-private partnerships to achieve common goals; ready and sufficient capital for the regeneration of housing and economic development, both downtown and in the neighborhoods; a responsive government and efficient and humanistic delivery of municipal services.

## **NEWARK'S DEVELOPMENT PROGRAM**

### **DESCRIPTION AND HISTORY**

The City of Newark is the largest city in the State of New Jersey and the 46th largest in the nation. With over 300,000 people in its 24 square mile area, it has the 5th highest density among American cities. Newark is the core of a four-county metropolitan region with 1.9 million people, making it the 17th largest such region in the country. It is comprised of many different ethnic groups, with the majority of its population Black and Hispanic. The City of Newark has one of the premier transportation networks in the nation and the best in the region. Newark International Airport is the fastest growing airport in the U.S., handling over 28 million passengers annually. Port Newark is the largest containership port in the country. The city is the hub of seven major highways including the Garden State Parkway and the New Jersey Turnpike. Pennsylvania Station--situated in the central business district--provides train and bus transportation for 70,000 commuters daily.

Institutions of higher learning are well represented in the city, with 5 universities and colleges having a total enrollment of 26,000 students. Newark has 6 major hospitals, including the University of Medicine and Dentistry of New Jersey. It also has the renowned art and cultural centers of Symphony Hall, the Newark Public Library, and the Newark Museum.

Despite these considerable assets, in 1986, Newark was a city beset with the problems of despair, decay, neglect, poverty, unemployment, and crime. Running on a campaign theme of a "Sharpe Change," Mayor Sharpe James unseated the sixteen-year incumbent and assumed office in July, 1986. This new leadership, coupled with the public's expectations of the new government, created a window of opportunity for meaningful change. At the same time, there was a sense of urgency to produce tangible results quickly: campaign promises had to be transformed into concrete programs. The physical, social, and economic revitalization of Newark became the highest priority of the new Administration.

Development, however, requires planning and direction which urban management must provide. Newark has taken the approach that urban leaders cannot simply wait and see if revitalization occurs as a result of better municipal services or economic conditions. They must be the initiator and, by developing policy, plans, and programs, attract the proper type and mix of economic investment. They must aggressively

market their cities to potential developers and establish innovative programs, new agencies, and public-private partnerships to direct and intensify development activity.

Prior to 1986, the redevelopment functions of the city were decentralized among several major agencies--some of them tied only loosely to the city government--each of which wielded large amounts of federal, state and private funds for development.

In an effort to lessen duplication and competition, and to simplify and speedup the redevelopment process, the Mayor and Council in 1986 consolidated most development functions into a single new department: the Department of Development.

The Department of Development oversees the redevelopment activities which were formerly performed by the Newark Housing Authority. Additionally, the Department performs some of the tasks that for many years were under the old Community Development Administration (also known as the Mayor's Policy and Development Office), and in the disbanded housing development corporation, Urban Development Resources, Inc. Under the new city structure the Newark Housing Authority's role has been reduced to the construction and operation of public housing. The new development department is now Newark's official redevelopment agency.

In consolidating the responsibility for housing and economic development under one roof, the Department tries to enlist government, business and citizens in the rebuilding of Newark. With a "one-stop shop" approach, the Department attempts to maximize city help to developers by providing all the services they need at a single location and in minimum time.

In addition to creating an environment wherein developers see markets and opportunities to invest in housing and economic development projects, the Department has the responsibility to:

- \* Maximize the return to the public through developments that add to the tax base, provide new jobs and services, and improve the city's appearance.
- \* Provide safe, decent, and attractive housing for citizens of all income levels and related services that will further improve the quality of life.

- \* Maintain careful balances between downtown and neighborhood development that attract and secure new residents, developments and businesses to the city while continuing to serve the existing population.

Under the supervision of the Director's office, these development goals are carried out through the four operating divisions of the Department: Housing Assistance, Economic Development, Property Management and City Planning.

The Division of Housing Assistance is responsible for increasing housing investments in the city and administering all grant and loan programs that will ensure neighborhood revitalization and stabilization, housing rehabilitation and/or new construction. The Division performs construction loan management for the Rental Rehabilitation, 312 Loan, and Affordable Housing Programs.

The Department's Economic Development Division provides assistance to developers of commercial and industrial projects, encourages business investment in Newark, administers neighborhood economic development programs, and promotes minority enterprise. The Department contracts with the city's private non-profit Newark Economic Development Corporation to provide services which will enhance downtown development ventures and increase industrial and commercial investments.

The Division of Property Management performs the redevelopment activities of the department--acquires privately-owned property for redevelopment and relocates businesses and residents to make way for new construction. This division also manages residential and commercial buildings that have been taken over by the city, usually for unpaid taxes, collects rents on city-owned property, draws up the terms under which they can be bought or leased, and schedules periodic auctions to put properties back into private ownership and on the tax rolls. Property Management maintains a registry of city-owned real estate and retains large tracts for redevelopment.

Headed by the City Planning Officer, the Division of City Planning helps guide the orderly redevelopment of different sections of the city. This division prepares, maintains and updates the Master Plan, and recommends changes in the Zoning Ordinance. It also conducts blight investigations and advises the Central Planning Board on these and other matters. This division provides technical assistance to other agencies on planning questions, and gathers data, conducts research, and produces reports on the standards that should govern the physical development of the city.



## **THE ROLE OF THE MAYOR**

More so than any other person, Mayor Sharpe James has been credited for the turnaround of Newark. Called a "Renaissance Man," the Mayor has given Newark credibility and momentum. He has supplied leadership in a style that has brought fresh populism to municipal government, grounded in the belief that for any organization to be successful, it must be motivated by a leader who, like a "cheerleader," generates an enthusiasm in its members. Called the "singular practitioner of civic architecture," using people and partnerships to rebuild the city, the Mayor has emphasized an inclusionary approach, based upon the premise that true and lasting change can be achieved only by bringing together the talents and energy of diverse individuals and groups.

Certainly, the most unique feature of the James Administration is its emphasis on team-building, both in community participation and in public-private partnerships. And the key component of the city's economic, social and physical revival has been the management strategy of the Mayor--an urban management triad--that stresses humanism, technology and collaboration.

A prime example of this management strategy has been the Mayor's creation of the Development Team. Headed by the Mayor, its composition reflects all the decision makers involved with Newark's current and future development: the Business Administrator, the Director of Development, the Corporation Counsel, the Mayor's Chief of Staff, the Executive Director of the Newark Economic Development Corporation, and the Deputy Mayor for Economic Development.

As such, development team decisions are based on what is best for Newark from the perspective not only of government officials, but also corporate leaders. Issues are not examined in a vacuum, but are evaluated on the basis of their impact on the city's overall economy. This reflects the Mayor's philosophy of achieving the broadest possible input into the public decision making process.

The success of the Development Team also relies upon the collective action of the group, each member having equal status, working together to achieve a consensus. With the responsibility for development shared among seven individuals, several different sources are available for information and technical assistance.

## **MEASUREMENT OF EFFECTIVENESS OF NEWARK'S DEVELOPMENT PROGRAM**

The success of the city's development program, achieved under the aegis of the Department of Development and the Mayor's Development Team, is simply staggering: In less than five years, over \$2.5 billion in housing and economic development projects have been completed, started, or announced.

Through the Department's housing development initiative, over 7,500 units of new or substantially rehabilitated privately owned housing, worth \$800 million in total development cost, have been processed through the various stages of development. One third of these units have been planned as affordable for purchase or rental by families with low-moderate incomes. Approximately 1,100 of these affordable housing units have been sponsored by more than two dozen community based and nonprofit organizations, a result of the Department's special outreach efforts to further the goals of collaboration and citizen participation.

More than 2,700 units in the development pipeline are completed or under construction. Noteworthy among them is the 40 acre redevelopment project by K. Hovnanian Companies, one of the nation's leading homebuilders, who has already completed and sold nearly 400 units of the 1,200 unit townhouse development. Centrally located in the city's University Heights neighborhood, it is the first market rate housing development built in over 20 years. Labeled "Society Hill at University Heights," and patterned after the historic and luxurious townhomes of Society Hill of Philadelphia, the Hovnanian units, which now sell for \$140,000, won the HUD 1988 Joint Venture on Affordable Housing Award.

Not content to merely facilitate housing production, the City of Newark, through the Department of Development, recently undertook the construction of its own affordable housing project--Victory Gardens. Funded by the city, project plans call for a total of 90 units at four sites to be sold at less than market value to local low and moderate income families.

Nor did the Department forget its neighborhoods: since 1986, the Division of Housing Assistance provided technical and financial support to homeowners and community-based organizations in the amount of \$4.5 million for neighborhood stabilization and revitalization projects, improving an additional 900 units.



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Through the assistance of the Department's economic development program, more than 80 projects, totalling \$1.7 billion, have been planned or completed over the last five years. A total of 40 projects, valued at \$750 million in development costs, have been completed or are under construction. Notable projects are:

- \* The \$75 million Newark Legal and Communications Center, which features 500,000 SF of office space.
- \* A \$13 million New Community Corporation/Pathmark, a 50,000 SF shopping center with 10,000 SF of satellite stores.
- \* The new construction of six hotels with a development value of \$200 million.
- \* The \$120 million Blue Cross-NJ Transit Complex, 1.4 million SF office-retail complex with 1,400-space parking structure.
- \* The \$100 million office complex on Raymond Boulevard housing Seton Hall Law School, private office space and parking.

Also worthy of special mention are two significant economic development projects in planning:

- \* The 12 acre \$400 million performing arts center to be located at the city's waterfront, second in size only to Lincoln Center in New York City. Well underway, plans call for a 2,700 seat multi-purpose hall, a 300 seat theater and 2,400 seat concert hall, future home to the New Jersey Symphony, the Garden State Ballet, the New Jersey Ballet and the New Jersey State Opera.
- \* A new 350,000 SF U.S. Postal Service Facility with 1,000 car garage along Springfield Avenue. The site consists of 18 acres and the new facility is expected to consolidate several branch offices and employ approximately 3,000 persons over three shifts.

Continuing its commitment to the neighborhoods, the Department has sponsored several community based economic development programs and projects. Since 1986, it has provided \$2.8 million in loan assistance to 65 neighborhood businesses leveraging an additional \$8.5 million in private development dollars. Most recently, the Department's Corridor Improvement Program, designed to revitalize seven of the city's older neighborhood commercial corridors, completed its first initiative, the Bergen Street Redevelopment Project, a nine block area with over 70 neighborhood businesses and retail establishments. Fully funded by the city, the Corridor Improvement Program provides local merchants and owners free architectural facade design and treatment including replacement of existing store fronts and glass, installation of attractive security gates, color-coordinated awnings, uniform signage, new trees and sidewalks and other facade improvements as needed.

Sponsored by the Mayor and the Department of Development, the first new neighborhood family movie theater in half a century--a six-plex, 1,600 seat, state of the art cinema--will be built this spring, not downtown, but at the corner of Springfield Avenue and Bergen Street, where riots once rocked the city.

The city has also spurred development through the sale of city-owned properties to interested developers and individuals. Since 1986, through the efforts of the Department of Development, nearly \$25 million has been realized through these sales and many millions of dollars more have been added to the tax rolls through the productive development of these properties. As a further indication of the confidence in the economic future of Newark, the number of foreclosures by the city has significantly decreased. This, coupled with the strong investment demand as evidenced by the success of the property auctions, has led to a noticeable decrease in the inventory of city-owned property.

An equally important indicator of the effectiveness of the city's development program is Newark's bond rating which has been upgraded for the first time in 20 years by two different investment firms: in January 1989, Moody's Investors Service upgraded Newark's bonds from Baa to Baa1, and in September 1989, Standard and Poors Corporation raised it from BBB to BBB+.

## **HOW DEVELOPMENT HAS BEEN FINANCED**

The real success of the building phenomena in Newark over these last five years has been the Department of Development's ability to leverage such a small amount of city funds for so many other investment dollars, both public and private. Of the total \$2.5 billion in estimated development activity promoted by the Department of Development and its subsidiaries, only \$23.3 million was derived from municipal sources, less than one per cent of the total. These city dollars in turn generated over \$136 million in other public funds: \$17 million from Regional Contribution Agreements, \$97.2 million from state sources, and \$22 million from federal loan and grant programs. The resulting total public dollar investment of \$159.5 million leveraged over \$2.34 billion in private capital, a 1:15 ratio of public to private dollars. A breakdown of the sources and amounts of the public dollars used to fund the city's housing and economic development projects is listed in Table A.

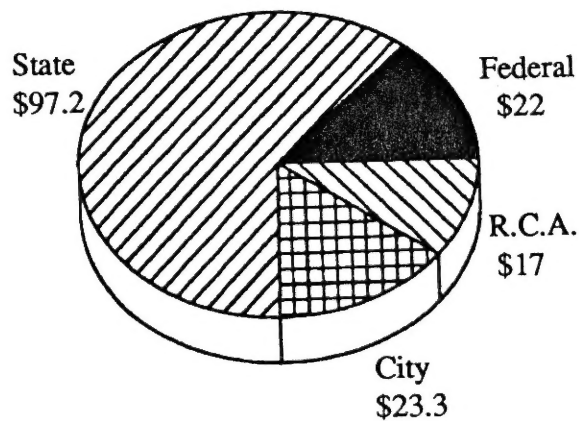
**TABLE A**

**Breakdown Of The Sources And Amounts Of Public**  
**Dollars Used To Fund The City Of Newark's Housing**  
**And**  
**Economic Development Project**

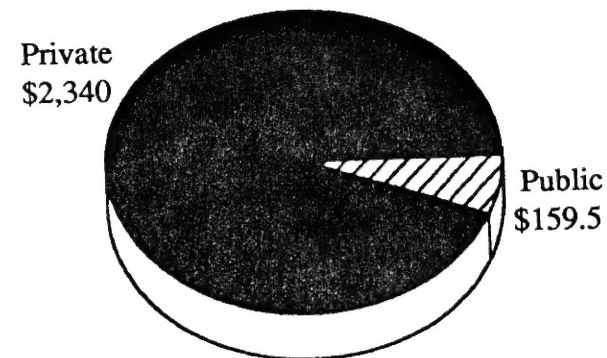
<b><u>Sources of Public Funds</u></b>	<b><u>Dollars in Millions</u></b>
<b><u>City Sources</u></b>	
Economic Development Loans	\$ 2.8
Acquisition/Relocation Funds	16.0
CDBG Grants	<u>4.5</u>
Subtotal	\$ <u>23.3</u>
<b><u>Regional</u></b>	
Regional Contribution Agreements	\$ <u>17.0</u>
<b><u>State Sources</u></b>	
Local Development Finance Fund	\$ 8.7
Urban Development Corporation	4.7
Economic Development Authority	66.8
Balanced Housing Preservation Program	<u>17.0</u>
Subtotal	\$ <u>97.2</u>
<b><u>Federal Sources</u></b>	
Urban Development Action Grant	\$ 17.3
Rental Rehabilitation Program	4.1
Section 312 Program	<u>0.6</u>
Subtotal	\$ <u>22.0</u>
GRAND TOTAL	\$ <u>159.5</u>

# City of Newark Development Funding Sources

(In Millions)



Public Funds  
\$159.50 Million



Total Funds  
\$2,500 Million

## **INNOVATIVE ASPECTS OF NEWARK'S DEVELOPMENT PROGRAM**

In 1986, Newark embarked on a bold and energetic agenda to establish public-private partnerships as the foundation of the city's planned renaissance. At that time, Newark was a decaying urban center similar to others around the country. With the inauguration of Mayor Sharpe James, a management team from the business community was invited to conduct an exhaustive productivity study of Newark's municipal government. The study cost several hundred thousand dollars and was funded by the private sector. The result was the debureaucratization and streamlining of government operations in Newark. The goodwill generated from this initial endeavor led to other concerted efforts to bring private sector initiatives into the public policy circles of government. These included the creation of a City Commerce Commission, the office of the Deputy Mayor for Economic Development, and a Department of Development to coordinate overall redevelopment efforts and neighborhood revitalization.

Innovative to Newark's development program is the accessibility of government to the business community, neighborhood groups, and private professional developers. This is reflected in Newark's public-private ventures with the city's top companies, such as Prudential Insurance Co. of America, Mutual Benefit Life Insurance Co., Public Service Electric and Gas Co., and Blue Cross and Blue Shield. A host of downtown committees have been formed to deal with issues of development, infrastructure, beautification, and security. These partnerships have fostered a unique level of cooperation and confidence between government and business necessary to get the job done.

Today, these public-private ventures are paying measurable dividends. New and expanded economic development has been greatly facilitated, and Newark is turning the corner on its way to being a revitalized city. This is best illustrated by New Jersey's decision to site the new \$400 million performing arts center in Newark. This show-piece complex will be constructed with a combination of city, state and business community funding.

Another example of the city's accessibility is its partnership with the Newark Collaboration Group, a consortium of business, government and community representatives, through which citizen participation in the development process has been



expanded. For the first time, the city has attempted to include the total community in the formulation of development initiatives. With this consensus approach, the Department of Development has implemented many of the strategies developed through the open forum of the Collaboration. As a result of this partnership, after agreements of cooperation were executed between the city's Development Department and the Local Initiatives Support Corporation, the Ford Foundation established a fund to provide technical assistance to local nonprofits for the development of affordable rental housing.

The successes of the public-private partnerships and cooperative efforts have transformed the physical appearance of Newark through revitalized neighborhoods, park improvements, and beautification efforts, while also greatly improving the city's tax base with over \$2.5 billion in new investments in commercial and residential development. This formula of accessibility, collaboration and partnership has been the vehicle for Newark's urban renaissance.

### **HOW THE DEVELOPMENT PROGRAM IMPROVED NEWARK'S QUALITY OF LIFE**

Newark's development program has undeniably and dramatically improved the quality of life in the city, both downtown and in its neighborhoods. Streets have been made cleaner and safer by the removal of blighted, deteriorated, and abandoned buildings, havens for crime and fire, eyesores that depress the spirit. In their place rise beautiful new townhomes, affordable to both middle and low income families, with well groomed landscapes bursting with flowers and greenery. Just two short years ago, shopping for food and groceries at major chain supermarkets in the city was an impossibility. Today, residents and workers in the central city may choose between three major supermarkets with a fourth on its way. In neighborhoods where vacant lots once stood high with weeds, several new strip malls have been developed providing many of the conveniences of the old fashioned neighborhood corner store. From the new neighborhood family movie theater to plans for the new world class performing arts center, Newark's development goals have addressed the cultural and recreational needs of its citizens. The biggest building boom in Newark's modern history has generated tens of thousands of construction and permanent jobs, offering training and employment opportunities to all Newark residents. The city's development activity has addressed urban demographics so that no income or social segment of the community has been left behind. And strong affirmative action efforts have fostered minority businesses and development, both downtown and in the neighborhoods.

## **MAJOR LESSONS LEARNED FROM THE CITY'S DEVELOPMENT PROGRAM**

Urban decay is not totally inevitable, and urban leaders can make a difference. Successful cities will be those with leaders who have the vision and the skill to provide the impetus for positive change. Three lessons may be learned from Newark's development program.

First, a city must recognize and market its inherent assets and unique characteristics. The Newark development program capitalized on the city's tremendous locational advantages and abundant available low cost vacant land. Office buildings were planned and built near rail and highway systems; hotels were built in the airport region; industrial and warehouse space, in the seaport area; affordable housing, around the universities; and neighborhood shopping, in those areas stabilized by the new housing.

Secondly, development is a business and must be run in a businesslike manner. The development process must be streamlined and efficient. In Newark, by consolidating the development functions into one department, project processing time was reduced by nearly 80%. Projects that normally took more than four years to receive approvals were readied for construction in less than one. With a small dedicated development staff, the city has been able to cut through the red tape and apathy, changing Newark's image and reputation from bureaucratic to developer-friendly.

Third, a balanced approach between downtown and neighborhood development must be maintained. To achieve the maximum benefits of any physical and economic development, the needs of both areas must be simultaneously addressed. Essential to this process is citizen input. Newark, with its Development Team, Collaboration Group and various public-private partnerships, has been successful in forging alliances with downtown and community groups, neighborhood merchants and housing advocates to identify not only the problems but the solutions as well. As a direct result of these relationships, the city has achieved substantial development goals in both its neighborhoods and its central business district. By being people oriented, providing physical amenities, developing open spaces, neighborhood centers, cultural and business districts, Newark has truly become a more livable city.